



New Delhi, the 2<sup>nd</sup> August, 2017

**Notification No. NHB.HFC.DIR.18/MD&CEO/2017** - In exercise of the powers conferred by sections 30A and 31 of the National Housing Bank Act, 1987 (53 of 1987) and of all the powers enabling it in this behalf, the National Housing Bank, having considered it necessary in the public interest, and on being satisfied that for the purpose of enabling it to regulate the housing finance system of the country to its advantage, it is necessary so to do, hereby directs that the Housing Finance Companies (NHB) Directions, 2010 (hereinafter referred to as the principal Directions) shall, with immediate effect, be amended in the following manner, namely -

### **1. Amendment to Paragraph 27A**

In paragraph 27A of the principal Directions,

(i) the existing note shall be numbered as (1), and after the note so numbered, the following notes shall be inserted namely:-

“(2) The Loan to Value (LTV) Ratio shall be computed as a percentage with total outstanding in the account (viz, “principal + accrued interest + other charges pertaining to the loan” without any netting) in numerator and the realizable value of the residential property mortgaged to the HFC in the denominator.”

“(3) HFCs shall be guided by the circular issued by National Housing Bank on valuation of properties and empanelment of valuers from time to time.”

### **2. Amendment to Paragraph 28**

In paragraph 28 of the principal Directions, after the clause (b)(ii) of item (iv) of sub-paragraph (1), the following shall be inserted, namely:-

“(b)(iii) Standard Assets in respect of Individual Housing Loans	0.25% on the total outstanding amount of such loans
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In paragraph 28 of the principal Directions, after the Note (2) of Sub-paragraph (1), the following shall be inserted, namely:-

“3. The revised provisioning norms relating to standard category of individual housing loans would be effective prospectively but the provisions held at present towards such loans should not be reversed. However, in future, if by applying the revised provisioning norms, any provisions are required over and above the level of provisions currently held for the standard category of such loans, these should be duly provided for.”

In paragraph 28 of the principal Directions, the Note (6) of Sub-paragraph (2) shall be substituted by the following, namely:-

“(6) The provisions on standard assets should not be reckoned for arriving at net NPAs.”

## 2. Amendment to Paragraph 30

In paragraph 30 of the principal Directions, in the Explanation (1), in sub-explanation (3)-

(i) Item b) shall be substituted by the following, namely:-

	<i>Weighted risk assets - On balance Sheet items</i>	<i>% Weight</i>
“b)	(b)(i) Outstanding Housing loans to individuals up to ₹30 lakhs secured by mortgage of immovable property, which are classified as standard assets with LTV Ratio $\leq$ 80%	35
	(b)(ii) Outstanding Housing loans to individuals up to ₹30 lakhs secured by mortgage of immovable property, which are classified as standard assets with LTV Ratio $>$ 80% and $\leq$ 90%	50
	(b)(iii) Outstanding Housing loans to individuals above ₹30 lakhs and upto ₹75 lakhs secured by mortgage of immovable property which are classified as standard assets with LTV ratio $\leq$ 75% (loan sanctioned before 01-08-2017)	35
	(b)(iv) Outstanding Housing loans to individuals above ₹30 lakhs and upto ₹75 lakhs secured by mortgage of immovable property which are classified as standard assets with LTV ratio $>$ 75% and $\leq$ 80% (loan sanctioned before 01-08-2017)	50
	(b)(v) Outstanding Housing loans to individuals above ₹30 lakhs and upto ₹75 lakhs secured by mortgage of immovable property which are classified as standard assets with LTV ratio $\leq$ 80% (loan sanctioned on or after 01-08-2017)	35
	(b)(vi) Outstanding Housing loans to individuals above ₹75 lakhs secured by mortgage of immovable property, which are classified as standard assets with LTV ratio $\leq$ 75% (loan sanctioned before 01-08-2017)	75
	(b)(vii) Outstanding Housing loans to individuals above ₹75 lakhs secured by mortgage of immovable property, which are classified as standard assets with LTV ratio $\leq$ 75% (loan sanctioned on or after 01-08-2017)	50
	(b)(viii) Outstanding amount of Loans given for the purpose of insurance of the property/borrower in case of individual housing loans	Same as applicable to the respective housing loan”

### 3. Amendment of Schedule II

In Schedule II of the principal Directions, in Part D-

(i) Item III (f) shall be substituted by the following, namely:-

Item description	Item Code	Book Value	Risk Weight	Adjusted Value
"f(i) Housing / Project Loans guaranteed by Central / State Government (Refer Note 4 below)	237(i)		0	
f(ii) Outstanding Housing loans to individuals up to ₹30 lakhs secured by mortgage of immovable property, which are classified as standard assets with LTV Ratio $\leq$ 80%	237(ii)		35	
f(iii) Outstanding Housing loans to individuals up to ₹30 lakhs secured by mortgage of immovable property, which are classified as standard assets with LTV Ratio $>$ 80% and $\leq$ 90%	237(iii)		50	
f(iv) Outstanding Housing loans to individuals above ₹30 lakhs and upto ₹75 lakhs secured by mortgage of immovable property which are classified as standard assets with LTV ratio $\leq$ 75% ( <i>loan sanctioned before 01-08-2017</i> )	237(iv)		35	
f(v) Outstanding Housing loans to individuals above ₹30 lakhs and upto ₹75 lakhs secured by mortgage of immovable property which are classified as standard assets with LTV ratio $>$ 75% and $\leq$ 80% ( <i>loan sanctioned before 01-08-2017</i> )	237(v)		50	
f(vi) Outstanding Housing loans to individuals above ₹30 lakhs and upto ₹75 lakhs secured by mortgage of immovable property which are classified as standard assets with LTV ratio $\leq$ 80% ( <i>loan sanctioned on or after 01-08-2017</i> )	237(vi)		35	

f(vii) Outstanding Housing loans to individuals above ₹75 lakhs secured by mortgage of immoveable property, which are classified as standard assets with LTV ratio $\leq$ 75% ( <i>loan sanctioned before 01-08-2017</i> )	237(vii)		75	
f(viii) Outstanding Housing loans to individuals above ₹75 lakhs secured by mortgage of immoveable property, which are classified as standard assets with LTV ratio $\leq$ 75% ( <i>loan sanctioned on or after 01-08-2017</i> )	237(viii)		50	
f(ix) Outstanding amount of Loans given for the purpose of insurance of the property / borrower in case of individual housing loans	237(ix)		As applicable to respective housing loan"	

(ii) In Items III (ga) description, for the words “(f)(ii) to (f)(vi)” the words “(f)(ii) to (f)(viii)” shall be substituted.

(iii) In Note 5 description, for the words “(f)(ii) to (f)(vi)” the words “(f)(ii) to (f)(viii)” shall be substituted.

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